

Rep. Baird Continues Working to Protect Northwest Ratepayers from Higher Energy Bills (May 17, 2007)

Washington, D.C. - Continuing his ongoing efforts to ensure that Northwest families don't see hikes in their monthly energy bills, Congressman Brian Baird (WA-03) has signed on to a letter urging support to block a proposal in President Bush's FY2008 budget that would require the Bonneville Power Administration to use any additional revenue in excess of \$500 million per year to reduce its debt to the U.S. Treasury.

The letter was sent to Chairman Peter Visclosky (IN-01) and Ranking Member David Hobson (OH-07) of the Subcommittee and Energy and Water Development.

If the President's proposal is maintained, Northwest families and businesses could see an increase of up to 10 percent in their monthly energy bills, said Congressman Baird. In reality, BPA and the region's ratepayers have made its payments on time and in full. If the President's proposal were to become law, energy prices would go up throughout the Northwest, and consumers would be left picking up the tab. We can't let this happen.

The letter, signed by 14 other bipartisan members, underscored that the economic impact on Northwest states would be devastating. In the past, the Committee has consistently rejected this proposal since its inception, and it is the members' hope that they will once again do so.

According to a February 2007 analysis by the Northwest Power and Conservation Council, this proposal will result in a retail rate increase of at least seven percent, raising power rates by \$130 million a year, costing consumers an additional \$26.00 a year, decreasing personal income in the Northwest by \$128 million, and resulting in the loss of 1,800 jobs. Other analysts project a rate increase of 10 percent or more.

BPA and the region's ratepayers have made payments to the U.S. Treasury on time and in full for more than 20 years.

A copy of the letter is below:

Dear Chairman Visclosky and Ranking Member Hobson:

We are writing to request your continued support for blocking a proposal in the President's Fiscal Year 2008 budget that would require the Bonneville Power Administration (BPA) to use any secondary sales revenue above \$500 million solely for accelerated federal debt repayment.

We are grateful that the Committee has consistently rejected this proposal since its inception and included a prohibition against the administration implementing it the past. The latest prohibition was included as Section 4202 $\frac{1}{2}$ Prohibition on Certain Uses of Funds by BPA $\frac{1}{2}$ of the Fiscal Year 2007 Emergency Supplemental Appropriations bill. A prohibition was previously included as Sec. 2308 of Public Law 109-234, the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006.

The secondary sales proposal represents the worst of all worlds: it would be a guaranteed rate increase for Northwest consumers, but, contrary to the stated rationale by the Office of Management and Budget (OMB), the infrastructure investment benefits are purely speculative and not likely to materialize.

According to a February 20, 2007, analysis by the Northwest Power and Conservation Council, this proposal will result in a retail rate increase of at least 7 percent, raising power rates by \$130 million a year, costing retail consumers an additional \$26.00 a year (energy intensive industries will suffer even more), decreasing personal income in the Northwest by \$128 million, and resulting in the loss of 1,800 jobs. Other analysts project a wholesale rate increase of ten percent or more. This economic blow to our region would be totally unwarranted.

The reality is that Bonneville and the region's ratepayers have made Treasury payments on time and in full for more than 20 years. In addition, Bonneville has voluntarily made more than \$1.675 billion in early payments on its federal debt over the last several of years. Contrary to the current budget proposal, however, this was done without a mandatory rate increase.

Thank you for your past support and we appreciate your serious and careful consideration of our request.

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